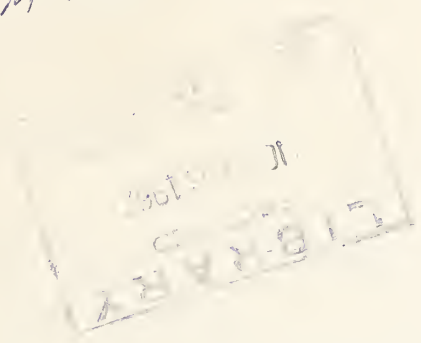


Historic, archived document

Do not assume content reflects current
scientific knowledge, policies, or practices.

A 281.9
F 76 FM
FAS-M-195



international
GRAINS
arrangement

1967

FAS-M-195 November 1967
Foreign Agricultural Service • U.S. Department of Agriculture

CONTENTS

	<u>Page</u>
INTRODUCTION:	
Wheat Trade Convention	1
Pricing provisions.....	1
Role of minimum prices	2
Purchases consistent with the price range	3
Guidelines relating to concessional transactions	3
Administrative provisions.....	4
Food Aid Convention	4
Implementation	5
PREAMBLE	6
WHEAT TRADE CONVENTION:	
Part I - General:	
Article--	
1 Objectives.....	7
2 Definitions	7
3 Commercial purchases and special transactions	10
Part II-Commercial:	
4 Commercial purchases and supply commitments.....	10
5 Purchases at the maximum price	11
6 Prices of wheat.....	13
7 Prices of wheat flour	16
8 Role of minimum prices	16
9 Maximum price declarations	17
10 Status of the European Economic Community.....	18
11 Adjustment in case of short crop.....	19
12 Adjustment in case of necessity to safeguard balance of payments or monetary reserves	20
13 Adjustments and additional purchases in case of critical need	20
14 Other adjustments	21
15 Establishment of datum quantities	21
16 Recording and reporting	22
17 Estimates of requirements and availability of wheat	24
18 Consultations.....	24
19 Performance under Articles 4 and 5	25
20 Defaults under Articles 4 and 5.....	25
21 Action in cases of serious prejudice	25
22 Disputes and complaints	26
23 Annual review of world grains situation.....	27
24 Guidelines relating to concessional transactions	28
Part III - Administration:	
25 Constitution of the Council	28
26 Powers and functions of the Council.....	29
27 Votes	29
28 Seat, sessions and quorum	30
29 Decisions.....	30
30 Executive Committee	30

	<u>Page</u>
Article--	
31 Prices Review Committee	31
32 The Secretariat	32
33 Privileges and immunities.....	33
34 Finance.....	33
35 Co-operation with other intergovernmental organizations.....	34
Part IV - Final Provisions:	
36 Signature.....	34
37 Ratification, acceptance or approval.....	34
38 Accession.....	35
39 Provisional application	35
40 Entry into force.....	36
41 Duration, amendment and withdrawal.....	36
42 Territorial application.....	37
43 Notification by depositary authority.....	38
44 Relationship of Preamble to Convention.....	38
Annex A.....	39
Annex B.....	40
FOOD AID CONVENTION:	
Article--	
I Objective.....	41
II International food aid.....	41
III Food Aid Committee.....	42
IV Administrative provisions	43
V Defaults and disputes.....	43
VI Signature.....	44
VII Ratification, acceptance or approval.....	44
VIII Accession	44
IX Provisional application.....	44
X Entry into force.....	45
XI Duration.....	45
XII Notification by depositary authority.....	45
XIII Relationship of Preamble to Convention.....	45
INTERPRETATIONS TO INTERNATIONAL GRAINS ARRANGEMENT 1967	46

THE INTERNATIONAL GRAINS ARRANGEMENT 1967

INTRODUCTION

Negotiations to reach agreement on an international arrangement for grains were completed in August of this year. The result--the International Grains Arrangement of 1967--was opened for signature in Washington on October 17, 1967. This Arrangement, which replaces the 18-year-old International Wheat Agreement, essentially incorporates provisions of an earlier Geneva agreement, reached in the Kennedy Round Cereals negotiations, with the administrative and institutional structure of the IWA. The Arrangement consists of two parts: a Wheat Trade Convention and a Food Aid Convention.

Wheat Trade Convention

The Wheat Trade Convention combines basic price provisions negotiated in Geneva with a number of substantive and administrative provisions formerly contained in the IWA. Exporters and importers agreed in Geneva that the world trading prices for wheat should be higher than those in the IWA. It sets minimum and maximum prices for fourteen major wheats moving in world trade and spells out procedures to be followed when prices reach the limits of the range. The Wheat Trade Convention also sets up guidelines relating to concessional transactions, which provide for member countries to avoid harmful interference with normal commercial trade, and establishes procedures for prior consultation by donor countries with exporting countries whose commercial sales might be affected by such transactions.

Pricing Provisions

In a significant departure from the IWA, the new arrangement establishes a series of minimum prices for major wheats based primarily on differences in market value and quality at a common location. For U.S. wheats, the new minimum prices are generally about 23 cents a bushel higher than the minimums under the IWA. Maximum prices are set 40 cents above the minimum for each wheat, providing a range in which prices may fluctuate in response to supply and demand. The schedule of minimum and maximum prices f.o.b. Gulf ports is as follows:

	Minimum price (U.S. \$/bu.)	Maximum price (U.S. \$/bu.)
CanadaManitoba 1	1.95½	2.35½
Manitoba 3	1.90	2.30
United StatesDark Northern Spring, No. 1, 14%.....	1.83	2.23
Hard Red Winter No. 2 (ordinary)	1.73	2.31
Western White No. 1	1.68	2.08
Soft Red Winter No. 1.....	1.60	2.00
Argentina.....Plate.....	1.73	2.13
AustraliaF.A.Q.	1.68	2.08
EEC.....Standard	1.50	1.90
Sweden	1.50	1.90
Greece	1.50	1.90
Spain.....Fine wheat	1.60	2.00
Common wheat.....	1.50	1.90

Minimum and maximum prices for Canadian and U.S. wheat, f.o.b. Pacific Northwest ports are fixed in the Arrangement at 6 cents less than the corresponding f.o.b. Gulf port prices. Minimum and maximum prices were also established for Mexican wheat, f.o.b. Mexican Pacific ports or at the Mexican border at \$1.55 and \$1.95 per bushel, respectively. Price ranges for other non-Gulf positioned wheats are adjusted according to a formula which takes into account prevailing freight rates.

Prices for wheats not listed in the Arrangement will be established by a Prices Review Committee, to which is also given power to adjust minimum prices in response to changes in competitive conditions. This Committee is new. It had no counterpart in the IWA.

Under the IWA, a price range was established for only one type and grade of wheat -- Manitoba No. 1, in store Fort William/Port Arthur. Equivalent minimum and maximum prices for other types and grades of wheat in other locations were calculated using formulas which took into account differences in quality between Manitoba No. 1 and other wheats. Although the IWA included formulas for calculating equivalent minimum and maximum prices for other than the base wheat, whether the sale price of a particular transaction was within the price range was a matter of agreement between the exporting and importing countries concerned. As a consequence, there was no identifiable floor for wheats generally and considerable uncertainty as to when price minimums were reached. This, together with the fact that the base wheat was little traded and the basing point was closed to navigation much of the year, made the IWA largely ineffective as a means of bringing precision to world wheat trade.

Role of Minimum Prices

The purpose of the new schedule of minimum prices is to contribute to market stability by making it possible to determine when the level of market prices for any wheat is at or approaching the minimum of the range, rather than to fix a rigid floor for all wheats. Since price relationships between types and qualities of wheat fluctuate with competitive circumstances, provision is made for review of and adjustments in minimum prices.

The United States would expect that, in most instances, agreement could be reached on the adjustments required through action by the Prices Review Committee. Nevertheless, if agreement were not reached regarding adjustments required in the schedule of minimum prices, or on means of keeping prices above minimum levels, the procedures recognize that an exporting country can offer its wheat at competitive prices even though such prices might be below the published schedule of minimum prices of the Arrangement. When any minimum price has been adjusted in accordance with the procedures provided in the Arrangement, provision is made for such adjustments to terminate once the conditions requiring the original action no longer exist. In other words, if prices fall to the minimum and adjustments are made, and prices subsequently rise above the minimum, the adjustments would automatically terminate. If prices later again fall to the minimum, adjustments the second time would again be made in the published schedule of minimum prices, not in the adjusted schedule.

Purchases Consistent With the Price Range

The new Arrangement continues the obligation provided for in the IWA requiring the exporters and importers to buy and sell at prices consistent with the established range of prices, with some important changes and clarifications. For the first time, importers who export some wheat, whether to members or non-members, will be covered by these provisions. They were not covered under the IWA. The Arrangement continues the provisions of the IWA assuring importing countries of specified "datum" quantities of wheat, based on average imports during a recent period, when prices are at the maximums listed in the Arrangement. An innovation is the upward adjustment of this formula when prices are at the maximum to take account of the rapid growth of import requirements of countries like Japan. The Arrangement also provides that member countries undertake to import a maximum share of their import requirements from other members, with a stipulated minimum that they are obliged to take, and provides new requirements when importing from non-members to do so only at prices consistent with the agreed price range. Prices are considered consistent with the agreed price range when above the maximum or below the minimum, if such prices are not in conflict with the provisions of the Arrangement pertaining to maximum price declarations and the role of minimum prices.

The EEC has undertaken obligations both as an exporting country and as an importing country, except that in lieu of quantitative "datum" export commitments when a maximum price declaration is in effect, it has agreed to conduct its export operation with equivalent effect.

The Arrangement also specifies that commercial purchases of wheat flour should be consistent with the wheat price provisions.

Guidelines Relating to Concessional Transactions

The Arrangement reaffirms the principle (originally stated in the IWA) that concessional grains transactions should be conducted in such a way as to avoid harmful interference with normal patterns of production and international commercial trade, and it specifies that to this end, member countries shall undertake appropriate measures to ensure that concessional sales are additional to normal commercial marketings. This, of course, is current United States practice. Its statement in the International Grains Agreement was deemed necessary due to the number of countries committed under the Food Aid Convention of the new Arrangement to supply grains to needy nations on concessional terms.

The Arrangement also establishes requirements for prior consultations by a member country offering wheat on concessional terms with any member whose commercial exports might be affected by such transaction. Measures to be taken by members to ensure that concessional transactions are additional to commercial sales are to be consistent with the Principles of Surplus Disposal and Guiding Lines recommended by the Food and Agriculture Organization of the United Nations.

Administrative Provisions

The provisions for administering the Wheat Trade Convention generally follow the pattern set down in the IWA. The Secretariat and the Wheat Council continue in force, essentially with the same functions as in the past. Decisions in the Council will be by a majority vote of importers and exporters voting separately, with a two-thirds majority required for certain major decisions. The importing and exporting countries collectively will hold 1,000 votes each and allocation of votes will be decided by agreement among the importer and exporter groups, acting independently. The EEC holds votes in both importer and exporter groups.

Food Aid Convention

This Convention incorporates the Food Aid provisions of the Geneva memorandum and establishes a Food Aid Committee to review the operation of this Convention. In Geneva the principal commercial exporters and importers agreed upon a program providing a total 4.5 million metric tons of grain a year to the needy nations of the world. 4.2 million tons has been subscribed. Of this, the United States will provide almost 1.9 million tons, or 42 percent. The European Economic Community will contribute one million tons. Other importers and exporters will contribute lesser amounts.

The list of minimum contributions was fixed as follows, although during the Rome Conference, several additional countries indicated an intention to join the program.

<u>Country</u>	<u>Percent</u>	<u>1,000 metric tons</u>
United States	42.0	1,890
Canada	11.0	495
Australia	5.0	225
Argentina.....	.5	23
EEC.....	23.0	1,035
United Kingdom.....	5.0	225
Switzerland7	32
Sweden	1.2	54
Denmark.....	.6	27
Norway.....	.3	14
Finland.....	.3	14
Japan	5.0	225

Contributions to the food aid program can be in the form of wheat, coarse grains suitable for human consumption, or the cash equivalent thereof. It is expected that the great bulk of the contributions will be in the form of wheat, although some grain deficit countries may contribute cash. Japan maintains the option to give other aid in substitution for grain. Food aid under this program will be supplied on soft terms (grants or local currency which will, except for amounts up to 10 percent, not be available for use by the contributing country). Contributing countries may select the recipients of their contributions. They may administer their programs directly with recipient countries, or may channel their contributions through an international organization such as the World Food Program.

The Convention provides for the establishment of a Food Aid Committee, consisting of representatives of the contributing countries. This Committee will receive reports from contributing countries concerning the operation of their food aid programs, review purchases of grain financed by cash contributions, and provide a forum for the exchange of information on the

overall functioning of the Food Aid Convention, in particular regarding its effects on food production in the recipient countries. In addition, the Committee may at any time make arrangements for an exchange of views to deal with emergency conditions. In case of default, the Committee shall meet and take appropriate action.

Implementation

The United States is the depository Government for this Agreement, as it was for its predecessor, the International Wheat Agreement. It will be open for signature in Washington, D.C. until November 30, 1967. Signatories to the earlier Geneva agreement must join both the Wheat Trade and Food Aid Conventions in order for the Arrangement to enter into force. Other countries can participate in one or both of the Conventions. While it is not known how many countries will join, 52 governments registered attendance at the negotiating conference. Those governments, plus members of the present IWA (including the U.S.S.R.) will be eligible to sign.

The two Conventions of the Arrangement will enter into force for a three-year period on July 1, 1968. The Arrangement will be submitted to the United States Senate for its advice and consent.

International Grains Arrangement 1967

PREAMBLE

The signatories to this Arrangement,

Considering that the International Wheat Agreement of 1949 was revised, renewed or extended in 1953, 1956, 1959, 1962, 1965, 1966 and 1967,

Considering that the substantive economic provisions of the International Wheat Agreement of 1962 expired on 31 July 1967, that the administrative provisions of the same Agreement expire on 31 July 1968 or on an earlier date to be decided by the International Wheat Council and that it is desirable to conclude an Arrangement for a new period,

Considering that the Governments of Argentina, Australia, Canada, Denmark, Finland, Japan, Norway, Sweden, Switzerland, the United Kingdom, the United States of America and the European Economic Community and its Member States agreed on 30 June 1967 to negotiate an Arrangement on Grains, on as wide a basis as possible, that would contain provisions on wheat trade and food aid, to work diligently for the early conclusion of the negotiation and upon completion of the negotiation to seek acceptance of the Arrangement in conformity with their constitutional and institutional procedures as rapidly as possible,

Considering that these Governments and the European Economic Community and its Member States, in accordance with these prior mutual commitments, shall sign both the Wheat Trade Convention and the Food Aid Convention and that other Governments should have the possibility of joining either one of the Conventions or of joining both Conventions,

Have agreed that this International Grains Arrangement 1967 shall consist of two legal instruments, on the one hand a Wheat Trade Convention, and on the other hand a Food Aid Convention, and that each of these two Conventions, or either of them as appropriate, shall be submitted for signature and ratification, acceptance or approval in conformity with their respective constitutional or institutional procedures, by the Governments concerned and the European Economic Community and its Member States.

WHEAT TRADE CONVENTION

PART I - GENERAL

ARTICLE 1

Objectives

The objectives of this Convention are:

- (a) To assure supplies of wheat and wheat flour to importing countries and markets for wheat and wheat flour to exporting countries at equitable and stable prices;
- (b) To promote the expansion of the international trade in wheat and wheat flour and to secure the freest possible flow of this trade in the interests of both exporting and importing countries, and thus contribute to the development of countries, the economies of which depend on commercial sales of wheat; and
- (c) In general to further international co-operation in connection with world wheat problems, recognizing the relationship of the trade in wheat to the economic stability of markets for other agricultural products.

ARTICLE 2

Definitions

- (1) For the purposes of this Convention:
 - (a) "Balance of commitment" means the amount of wheat which an exporting country is obliged to make available at not greater than the maximum price under Article 5, that is, the amount by which its datum quantity with respect to importing countries exceeds the actual commercial purchases from it by those countries in the crop year at the relevant time;
 - (b) "Balance of entitlement" means the amount of wheat which an importing country is entitled to purchase at not greater than the maximum price under Article 5, that is, the amount by which its datum quantity with respect to the exporting country or countries concerned, as the context requires, exceeds its actual commercial purchases from those countries in the crop year at the relevant time;
 - (c) "Bushel" means in the case of wheat sixty pounds avoirdupois or 27.2155 kilogrammes;
 - (d) "Carrying charges" means the costs incurred for storage, interest and insurance in holding wheat;

- (e) "Certified seed wheat" means wheat which has been officially certified according to the custom of the country of origin and which conforms to recognized specification standards for seed wheat in that country;
- (f) "c. & f." means cost and freight;
- (g) "Council" means the International Wheat Council established by the International Wheat Agreement, 1949 and continued in being by Article 25;
- (h) "Country" includes the European Economic Community;
- (i) "Crop year" means the period from 1 July to 30 June;
- (j) "Datum quantity" means
 - (i) In the case of an exporting country the average annual commercial purchases from that country by importing countries as established under Article 15;
 - (ii) In the case of an importing country the average annual commercial purchases from exporting countries or from a particular exporting country, as the context requires, as established under Article 15;
 and includes, where applicable, any adjustment made under paragraph (1) of Article 15;
- (k) "Denatured wheat" means wheat which has been denatured so as to render it unfit for human consumption;
- (l) "Executive Committee" means the Committee established under Article 30;
- (m) "Exporting country" means, as the context requires, either:
 - (i) the Government of a country listed in Annex A which has ratified, accepted, approved or acceded to this Convention and has not withdrawn therefrom; or
 - (ii) that country itself and the territories in respect of which the rights and obligations of its Government under this Convention apply;
- (n) "f.a.q." means fair average quality;
- (o) "f.o.b." means free on board;
- (p) "Grains" means wheat, rye, barley, oats, maize and sorghum;
- (q) "Importing country" means, as the context requires, either:
 - (i) the Government of a country listed in Annex B which has ratified, accepted, approved or acceded to this Convention and has not withdrawn therefrom; or
 - (ii) that country itself and the territories in respect of which the rights and obligations of its Government under this Convention apply;
- (r) "Marketing costs" means all usual charges incurred in marketing, chartering and forwarding;

- (s) "Maximum price" means the maximum prices specified in or determined under Article 6 or 7 or one of those prices, as the context requires;
- (t) "Maximum price declaration" means a declaration made in accordance with Article 9;
- (u) "Member country" means:
 - (i) the Government of a country which has ratified, accepted, approved or acceded to this Convention and has not withdrawn therefrom; or
 - (ii) that country itself and the territories in respect of which the rights and obligations of its Government under this Convention apply;
- (v) "Metric ton", or 1,000 kilogrammes, means in the case of wheat 36.74371 bushels;
- (w) "Minimum price" means the minimum prices specified in or determined under Article 6 or 7 or one of those prices, as the context requires;
- (x) "Price range" means prices between the minimum and maximum prices specified in or determined under Article 6 or 7 including the minimum prices but excluding the maximum prices;
- (y) "Prices Review Committee" means the Committee established under Article 31;
- (z) (i) "Purchase" means a purchase for import of wheat exported or to be exported from an exporting country or from other than an exporting country, as the case may be, or the quantity of such wheat so purchased, as the context requires;
- (ii) "Sale" means a sale for export of wheat imported or to be imported by an importing country or by other than an importing country, as the case may be, or the quantity of such wheat so sold, as the context requires;
- (iii) Where reference is made in this Convention to a purchase or sale, it shall be understood to refer not only to purchases or sales concluded between the Governments concerned but also to purchases or sales concluded between private traders and to purchases or sales concluded between a private trader and the Government concerned. In this definition "Government" shall be deemed to include the Government of any territory in respect of which the rights and obligations of any Government ratifying, accepting, approving or acceding to this Convention apply under Article 42;
- (aa) "Sub-Committee on Prices" means the Sub-Committee established under Article 31;
- (bb) "Territory" in relation to an exporting or importing country includes any territory in respect of which the rights and obligations under this Convention of the Government of that country apply under Article 42;
- (cc) "Wheat" includes wheat grain of any description, class, type, grade or quality and, except in Article 6 or where the context otherwise requires, wheat flour.

(2) All calculations of the wheat equivalent of purchases of wheat flour shall be made on the basis of the rate of extraction indicated by the contract between the buyer and the seller. If no such rate is indicated, seventy-two units by weight of wheat flour shall, for the purpose of such calculations, be deemed to be equivalent to one hundred units by weight of wheat grain unless the Council decides otherwise.

ARTICLE 3

Commercial purchases and special transactions

(1) A commercial purchase for the purposes of this Convention is a purchase as defined in Article 2 which conforms to the usual commercial practices in international trade and which does not include those transactions referred to in paragraph (2) of this Article.

(2) A special transaction for the purposes of this Convention is one which, whether or not within the price range, includes features introduced by the Government of a country concerned which do not conform with usual commercial practices. Special transactions include the following:

- (a) Sale on credit in which, as a result of government intervention, the interest rate, period of payment, or other related terms do not conform with the commercial rates, periods or terms prevailing in the world market;
- (b) Sales in which the funds for the purchase of wheat are obtained under a loan from the Government of the exporting country tied to the purchase of wheat;
- (c) Sales for currency of the importing country which is not transferable or convertible into currency or goods for use in the exporting country;
- (d) Sales under trade agreements with special payments arrangements which include clearing accounts for settling credit balances bilaterally through the exchange of goods, except where the exporting country and the importing country concerned agree that the sale shall be regarded as commercial;
- (e) Barter transactions
 - (i) which result from the intervention of governments where wheat is exchanged at other than prevailing world prices, or
 - (ii) which involve sponsorship under a government purchase programme, except where the purchase of wheat results from a barter transaction in which the country of final destination was not named in the original barter contract;
- (f) A gift of wheat or a purchase of wheat out of a monetary grant by the exporting country made for that specific purpose;
- (g) Any other categories of transactions that include features introduced by the Government of a country concerned which do not conform with usual commercial practices, as the Council may prescribe.

(3) Any question raised by the Executive Secretary or by any exporting or importing country as to whether a transaction is a commercial purchase as defined in paragraph (1) of this Article or a special transaction as defined in paragraph (2) of this Article shall be decided by the Council.

PART II - COMMERCIAL

ARTICLE 4

Commercial purchases and supply commitments

- (1) Each member country when exporting wheat undertakes to do so at prices consistent with the price range.
- (2) Each member country importing wheat undertakes that the maximum possible share of its total commercial purchases of wheat in any crop year shall be purchased from member countries, except as provided in paragraph (4) below. This share shall be not less than a percentage established by the Council in agreement with the country concerned.
- (3) Exporting countries undertake, in association with one another, that wheat from their countries shall be made available for purchase by importing countries in any crop year at prices consistent with the price range in quantities sufficient to satisfy on a regular and continuous basis the commercial requirements of those countries subject to the other provisions of this Convention.
- (4) Under extraordinary circumstances a member country may be granted by the Council partial exemption from the commitment contained in paragraph (2) of this Article upon submission of satisfactory supporting evidence to the Council.
- (5) Each member country when importing wheat from non-member countries undertakes to do so at prices consistent with the price range.
- (6) Prices shall be regarded as consistent with the price range when wheat is being made available or when sales and purchases are taking place:
 - (a) at or above the maximum prices provided for in Article 6 when such actions are not in conflict with the provisions of Articles 5, 9 and 10, or
 - (b) at prices consistent with the minimum prices provided for in Article 6 or with the provisions concerning the role of minimum prices as set out in Article 8.

ARTICLE 5

Purchases at the maximum price

- (1) If the Council makes a maximum price declaration in respect of an exporting country, that country shall make available for purchase by importing countries at not greater than the maximum price its balance of commitment towards those countries to the extent that the balance of entitlement of any importing country with respect to all exporting countries is not exceeded.

(2) If the Council makes a maximum price declaration in respect of all exporting countries, each importing country shall be entitled, while the declaration is in effect,

- (a) to purchase from exporting countries at prices not greater than the maximum price its balance of entitlement with respect to all exporting countries; and
- (b) to purchase wheat from any source without being regarded as committing any breach of paragraph (2) of Article 4.

(3) If the Council makes a maximum price declaration in respect of one or more exporting countries, but not all of them, each importing country shall be entitled while the declaration is in effect,

- (a) to make purchases under paragraph (1) of this Article from such one or more exporting countries and to purchase the balance of its commercial requirements within the price range from the other exporting countries, and
- (b) to purchase wheat from any source without being regarded as committing any breach of paragraph (2) of Article 4 to the extent of its balance of entitlement with respect to such one or more exporting countries as at the effective date of the declaration, provided such balance is not larger than its balance of entitlement with respect to all exporting countries.

(4) Purchases by any importing country from an exporting country in excess of the balance of entitlement of that importing country with respect to all exporting countries shall not reduce the obligation of that exporting country under this Article. Any wheat purchased from an importing country by a second importing country which originated during that crop year from an exporting country shall be deemed to have been purchased from that exporting country by the second importing country provided the balance of entitlement of the second importing country with respect to all exporting countries is not thereby exceeded. Subject to the provisions of Article 19, the preceding sentence shall apply to wheat flour only if the wheat flour originated from the exporting country concerned.

(5) In determining whether it has fulfilled its required percentage under paragraph (2) of Article 4, purchases made by any importing country while a maximum price declaration is in effect, subject to the limitations in paragraphs (2)(b) and (3)(b) of this Article,

- (a) shall be taken into account if those purchases were made from any member country, including an exporting country in respect of which the declaration was made, and
- (b) shall be entirely disregarded if those purchases were made from a non-member country.

(6) Wheat made available in accordance with the provisions of this Article shall so far as practicable be of types and qualities that would enable the trade in that crop year between the two countries to conform to the usual pattern. Arrangements to give effect to this should be agreed upon as necessary between the countries concerned.

ARTICLE 6

Prices of wheat

(1) The Schedule of minimum and maximum prices, basis f.o.b. Gulf ports, is established for the duration of this Convention as follows:

	<u>Minimum Price</u>	<u>Maximum Price</u>
	(US dollars per bushel)	
<u>Canada</u>		
Manitoba No. 1	1.95 1/2	2.35 1/2
Manitoba No. 3	1.90	2.30
<u>United States of America</u>		
Dark Northern Spring No. 1, 14%	1.83	2.23
Hard Red Winter No. 2 (ordinary)	1.73	2.13
Western White No. 1	1.68	2.08
Soft Red Winter No. 1	1.60	2.00
<u>Argentina</u>		
Plate	1.73	2.13
<u>Australia</u>		
f.a.q.	1.68	2.08
<u>European Economic Community</u>		
Standard	1.50	1.90
<u>Sweden</u>	1.50	1.90
<u>Greece</u>	1.50	1.90
<u>Spain</u>		
Fine wheat	1.60	2.00
Common wheat	1.50	1.90

(2) The minimum prices and maximum prices for the specified Canadian and US wheats, f.o.b. Pacific north-west ports shall be 6 cents less than the prices in paragraph (1) of this Article.

(3) The minimum and maximum prices for Mexican wheat on sample or description f.o.b. Mexican Pacific ports or at the Mexican border, whichever is applicable, shall be US dollars 1.55 and 1.95 per bushel respectively.

(4) The minimum prices under this Article may be adjusted in accordance with the provisions of Articles 8 and 31.

(5) The minimum price and maximum price for f.a.q. Australian wheat f.o.b. Australian ports shall be 5 cents below the price equivalent to the c. and f. price in United Kingdom ports of the minimum price and maximum price for US Hard Red Winter No. 2 (ordinary) wheat f.o.b. Gulf ports, specified in paragraph (1) of this Article, computed by using currently prevailing transportation costs.

(6) The minimum prices and maximum prices for Argentine wheat f.o.b. Argentine ports, for destination bordering the Pacific and Indian Oceans shall be the prices equivalent to the c. and f. prices in Yokohama of the minimum prices and maximum prices for US Hard Red Winter No. 2 (ordinary) wheat f.o.b. Pacific northwest ports, specified in paragraph (2) of this Article, computed by using currently prevailing transportation costs.

(7) The minimum prices and maximum prices for

--- the specified US wheats, f.o.b. US Atlantic, Great Lakes and Canadian St. Lawrence ports,

--- the specified Canadian wheats, f.o.b. Fort William/Port Arthur, St. Lawrence ports, Atlantic ports and Port Churchill,

--- Argentine wheat, f.o.b. Argentine ports, for destinations other than those specified in paragraph (6) of this Article,

shall be the prices equivalent to the c. and f. prices in Antwerp/Rotterdam of the minimum prices and maximum prices specified in paragraph (1) of this Article computed by using currently prevailing transportation costs.

(8) The minimum prices and maximum prices for the European Economic Community standard wheat shall be the prices equivalent to the c. and f. price in the country of destination, or the c. and f. price at an appropriate port for delivery to the country of destination, of the minimum prices and maximum prices for US Hard Red Winter No. 2 (ordinary) wheat f.o.b. United States, specified in paragraphs (1) and (2) of this Article, computed by using currently prevailing transportation costs and by applying the price adjustments corresponding to the agreed quality differences set forth in the scale of equivalents.

(9) The minimum prices and maximum prices for Swedish wheat shall be the prices equivalent to the c. and f. price in the country of destination, or the c. and f. price at an appropriate port for delivery to the country of destination, of the minimum prices and maximum prices for US Hard Red Winter No. 2 (ordinary) wheat f.o.b. United States, specified in paragraphs (1) and (2) of this Article, computed by using currently prevailing transportation costs and by applying the price adjustments corresponding to the agreed quality differences set forth in the scale of equivalents.

(10) The minimum prices and maximum prices for Greek wheat shall be the prices equivalent to the c. and f. price in the country of destination, or the c. and f. price at an appropriate port for delivery to the country of destination, of the minimum prices and maximum prices for US Hard Red Winter No. 2 (ordinary) wheat f.o.b. United States, specified in paragraphs (1) and (2) of this Article, computed by using currently prevailing transportation costs and by applying the price adjustments corresponding to the agreed quality differences set forth in the scale of equivalents.

(11) The minimum prices and maximum prices for Spanish wheat shall be the prices equivalent to the c. and f. price in the country of destination, or the c. and f. price at an appropriate port for delivery to the country of destination of the minimum prices and maximum prices for US Hard Red Winter No. 2 (ordinary) wheat f.o.b. United States, specified in paragraphs (1) and (2) of this Article, computed by using currently prevailing transportation costs and by applying the price adjustments corresponding to the agreed quality differences set forth in the scale of equivalents.

(12) In relation to other wheats of countries referred to in paragraph (1) of this Article, the ways of computing minimum and maximum prices set out in paragraph (2) or the equivalent thereof set out in paragraphs (5) to (11) of this Article shall apply in the same way as they apply to the wheats referred to in those paragraphs.

(13) The Prices Review Committee may in consultation with the Sub-Committee on Prices:

- (a) determine the equivalent minimum and maximum prices for wheats at points other than those referred to in paragraphs (1), (2) and (3) and paragraphs (5) to (11) of this Article, and
- (b) specify, basis f.o.b. United States Gulf ports, minimum and maximum prices for any description, class, type, grade or quality of wheat other than those specified in paragraphs (1) and (3) of this Article, provided that the difference between the minimum and maximum prices so specified shall be 40 cents per bushel, and in the case of wheat of a country not mentioned in those paragraphs the Committee shall act in accordance with the preceding sub-paragraph if it has not already done so in respect of that wheat.

(14) In the case of any wheat for which minimum and maximum prices have not been specified, the minimum and maximum prices for the time being, basis f.o.b. United States Gulf ports, shall be derived from the minimum and maximum prices of the description, class, type, grade or quality of wheat specified in paragraphs (1) and (3) or under paragraphs (13)(b) of this Article, which is most closely comparable to such wheat by the addition of an appropriate premium or by the deduction of an appropriate discount. Such premiums or discounts may be fixed and adjusted as necessary by the Prices Review Committee. The Prices Review Committee shall act in accordance with this paragraph at any meeting called under paragraphs (1), (3) or (6) of Article 9.

(15) No minimum or maximum price, basis f.o.b. United States Gulf ports, specified under the provisions of paragraph (13)(b) of this Article, shall respectively be higher than the minimum or maximum price for Manitoba Northern No. 1 wheat specified in paragraph (1) of this Article.

(16) The equivalent minimum and maximum prices referred to in paragraphs (5) to (11) of this Article shall be computed at regular intervals by the Secretariat of the Council with the assistance of the Sub-Committee on Prices, having regard to the costs of ocean transportation which reflect the current method of movement generally employed and on the most comparable basis between the ports concerned.

(17) For the purposes of comparing the price of any wheat quoted in other than United States currency with the minimum and maximum prices or the equivalents thereof computed in accordance with the provisions of this Article, that price shall be converted into United States currency at the prevailing rate of exchange. Any dispute as to the conversion of prices shall be decided by the Prices Review Committee.

(18) The minimum and maximum prices and the equivalents thereof shall exclude such carrying charges and marketing costs as may be agreed between the buyer and the seller, provided that carrying charges shall accrue for the buyer's account only after an agreed date specified in the contract under which the wheat is sold.

(19) Durum wheat and certified seed wheat shall be excluded from the provisions relating to maximum prices and denatured wheat from the provisions relating to minimum prices.

(20) Without prejudice to the operation of Article 8 if any member country represents to the Prices Review Committee that any computation of an equivalent minimum or maximum price under the provisions of paragraphs (5) to (11) or paragraph (13) of this Article is, in the light of current transportation costs, no longer fair, that Committee shall consider the matter and may in consultation with the Sub-Committee on Prices make such adjustments as it considers desirable.

(21) All decisions of the Prices Review Committee under paragraphs (13), (14), (17) or (20) of this Article shall be binding on all member countries, provided that any member country which considers any such decision is disadvantageous to it may ask the Council to review that decision.

(22) Each country which has one or more wheats listed in this Article shall provide to the Council each crop year a copy of the current official specifications, standards or descriptions for those wheats where they exist. Upon request by the Secretariat, countries which export wheat shall provide to the Council the current official specifications, standards or descriptions of wheats, where they exist, not listed in this Article.

ARTICLE 7

Prices of wheat flour

(1) Commercial purchases of wheat flour will be deemed to be at prices consistent with the prices for wheat specified in or determined under Article 6, unless a statement to the contrary, with supporting information, is received by the Council from any member country, in which case the Council shall, with the assistance of any countries concerned, consider the matter and decide whether the price is so consistent.

(2) If one or more member countries deem that certain practices in the field of international trade have in certain cases distorted the consistency which must exist between the prices for flour and the prices for wheat, and consider that their interests have been seriously hurt by these practices, they may ask for consultations with the member country or member countries concerned.

(3) The Council may in co-operation with member countries carry out studies of the prices of wheat flour in relation to the prices of wheat.

ARTICLE 8

Role of minimum prices

The purpose of the schedule of minimum prices is to contribute to market stability by making it possible to determine when the level of market prices for any wheat is at or approaching the minimum of the range. Since price relationships between types and qualities of wheat fluctuate with competitive circumstances, provisions is made for review of and adjustments in minimum prices.

(1) If the Secretariat of the Council in the course of its continuous review of market conditions is of the opinion that a situation has arisen, or threatens imminently to arise, which appears to jeopardize the objectives of this Convention with regard to the minimum price provisions, or if

such a situation is called to the attention of the Secretariat of the Council by any member country, the Executive Secretary shall convene a meeting of the Prices Review Committee within two days and concurrently notify all member countries.

(2) The Prices Review Committee shall review the price situation with the view to reaching agreement on action required by member participants to restore price stability and to maintain prices at or above minimum levels and shall notify the Executive Secretary when agreement has been reached and of the action taken to restore market stability.

(3) If after three market days the Prices Review Committee is unable to reach agreement on the action to be taken to restore market stability, the Chairman of the Council shall convene a meeting of the Council within two days to consider what further measures might be taken. If after not more than three days of review by the Council any member country is exporting or offering wheat below the minimum prices as determined by the Council, the Council shall decide whether provisions of this Convention shall be suspended and if so to what extent.

(4) When any minimum price has been adjusted in accordance with the foregoing, such adjustments shall terminate when the Prices Review Committee or the Council finds that the conditions requiring the adjustments no longer prevail.

ARTICLE 9

Maximum price declarations

(1) The Executive Secretary, who shall keep the prices of wheat under continual review, shall immediately convene a meeting of the Prices Review Committee if he is of the opinion, or the Sub-Committee on Prices or any member country informs him that it is of the opinion that a situation has arisen in which an exporting country is making any wheat available for purchase by importing countries at a price near the maximum price. If the Prices Review Committee decides that such a situation has arisen, the Executive Secretary shall immediately inform all member countries.

(2) As soon as any of its wheat is made available for purchase by importing countries at prices not less than the maximum price, an exporting country shall notify the Council to that effect. On receipt of such notification the Executive Secretary acting on behalf of the Council shall, except as otherwise provided in paragraph (6) of this Article and paragraph (6) of Article 16 make a declaration accordingly, referred to in this Convention as a maximum price declaration. The Executive Secretary shall communicate that maximum price declaration to all member countries as soon as possible after it has been made.

(3) In making a notification under paragraph (2) of this Article, the exporting country shall

- (a) if any of the wheats in respect of which the notification is made is not one for which a maximum price is specified in, or has been specified under the provisions of, Article 6, state what it considers the maximum price for the time being, basis f.o.b. United States Gulf ports, for any such wheats to be, and
- (b) in the case of all wheats in respect of which the notification is made, state what it computes the maximum prices to be on the date of notification at the points from which those wheats are commonly exported,

and the Executive Secretary shall inform all other member countries accordingly. If any member country represents to the Executive Secretary that any of the prices referred to above are not the maximum prices of the wheats concerned, he shall immediately convene a meeting of the

Prices Review Committee which shall decide the maximum prices in respect of which representations have been made in consultation with the Sub-Committee on Prices.

(4) As soon as all of its wheat which has been made available at not less than the maximum price, is again made available for purchase by importing countries at prices less than the maximum price, an exporting country shall notify the Council to that effect. Thereupon, the Executive Secretary, acting on behalf of the Council, shall terminate the maximum price declaration in respect of that country by making a further declaration accordingly. He shall communicate such further declaration to all exporting and importing countries as soon as possible after it has been made.

(5) The Council shall in its rules of procedure, prescribe regulations to give effect to paragraphs (2) and (4) of this Article, including regulations determining the effective date of any declaration made under this Article.

(6) If at any time in the opinion of the Executive Secretary an exporting country has failed to make a notification under paragraph (2) or (4) of this Article, or has made an incorrect notification, he shall without prejudice in the latter case to the provisions of paragraph (2) or (4), immediately convene a meeting of the Sub-Committee on Prices. If at any time in the opinion of the Executive Secretary an exporting country has made a notification under paragraph (2) but the facts relating thereto do not warrant a maximum price declaration, he shall not make such a declaration but shall refer the matter to the Sub-Committee at a meeting immediately convened for this purpose. If the Sub-Committee advises either under this paragraph or in accordance with Article 31 that a declaration under paragraph (2) or (4) should be or should not be made or is incorrect, as the case may be, the Prices Review Committee may make or refrain from making a declaration accordingly, or cancel any declaration then in effect, whichever is appropriate without delay. The Executive Secretary shall communicate any such declaration or cancellation to all member countries as soon as possible.

(7) Any declaration made under this Article shall specify the crop year or crop years to which it relates, and this Convention shall apply accordingly.

(8) If any exporting or importing country considers that a declaration under this Article should be or should not have been made, as the case may be, it may refer the matter to the Council. If the Council finds that the representations of the country concerned are well founded, it shall make or cancel a declaration accordingly.

(9) Any declaration made under paragraphs (2), (4) or (6) of this Article which is cancelled in accordance with this Article shall be regarded as having full force and effect until the date of its cancellation, and such cancellation shall not affect the validity of anything done under the declaration prior to its cancellation.

(10) For the purpose of this Article "wheat" excludes durum wheat and certified seed wheat.

ARTICLE 10

Status of European Economic Community

(1) The European Economic Community which regularly and continuously engages in import and export operations on the international market is listed simultaneously in Annex A and in Annex B of this Convention as an exporting country and as an importing country with all the rights and obligations deriving therefrom.

(2) In regard however to the obligations of the European Economic Community as an exporting country in a situation of a maximum price declaration concerning the wheat of the European Economic Community, the European Economic Community shall make wheat available to importing countries which are members of this Convention at a price which shall not be greater than the maximum price. Moreover, it shall take all useful measures in conformity with the regulations resulting from its common agricultural policy to channel its quantities available for export in an equitable way to importing countries which are members of this Convention.

ARTICLE 11

Adjustment in case of short crop

(1) Any exporting country which fears that it may be prevented by a short crop from carrying out its obligations under this Convention in respect of a particular crop year shall report the matter to the Council at the earliest possible date and apply to the Council to be relieved of a part or the whole of its obligations for that crop year. An application made to the Council pursuant to this paragraph shall be heard without delay.

(2) The Council shall, in dealing with a request for relief under this Article, review the exporting country's supply situation and the extent to which the exporting country has observed the principle that it should, to the maximum extent feasible, make wheat available for purchase to meet its obligations under this Convention.

(3) The Council shall also, in dealing with a request for relief under this Article, have regard to the importance of the exporting country's maintaining the principle stated in paragraph (2) of this Article.

(4) If the Council finds that the country's representations are well founded, it shall decide to what extent and on what conditions that country shall be relieved of its obligations for the crop year concerned. The Council shall inform the exporting country of its decision.

(5) If the Council decides that the exporting country shall be relieved of the whole or part of its obligations under Article 5 for the crop year concerned, the Council shall increase the commitments as represented by the datum quantities of the other exporting countries to the extent agreed by each of them. If such increases do not offset the relief granted under paragraph (4) of this Article, it shall reduce by the amount necessary the entitlements, as represented by the datum quantities of the importing countries to the extent agreed by each of them.

(6) If the relief granted under paragraph (4) of this Article cannot be entirely offset by measures taken under paragraph (5), the Council shall reduce pro rata the entitlement as represented by the datum quantities of the importing countries, account being taken of any reductions under paragraph (5).

(7) If the commitment as represented by the datum quantity of an exporting country is reduced under paragraph (4) of this Article, the amount of such reduction shall be regarded for the purpose of establishing its datum quantity and that of all other exporting countries in subsequent crop years as having been purchased from that exporting country in the crop year concerned. In the light of the circumstances, the Council shall determine whether any adjustment shall be made, and if so in what manner, for the purpose of establishing the datum quantities of importing countries in such subsequent crop years as a result of the operation of this paragraph.

(8) If the entitlement as represented by the datum quantity of an importing country is reduced under paragraph (5) or (6) of this Article to offset the relief granted to an exporting country under paragraph (4), the amount of such reduction shall be regarded as having been purchased in the crop year concerned from that exporting country for the purposes of establishing the datum quantity of that importing country in subsequent crop years.

ARTICLE 12

Adjustment in case of necessity to safeguard balance of payments or monetary reserves

(1) Any importing country which fears that it may be prevented by the necessity to safeguard its balance of payments or monetary reserves from carrying out its obligations under this Convention in respect of a particular crop year shall report the matter to the Council at the earliest possible date and apply to the Council to be relieved of a part or the whole of its obligations for that crop year. An application made to the Council pursuant to this paragraph shall be heard without delay.

(2) If an application is made under paragraph (1) of this Article, the Council shall seek and take into account, together with all facts which it considers relevant, the opinion of the International Monetary Fund, as far as the matter concerns a country which is a member of the Fund, on the existence and extent of the necessity referred to in paragraph (1).

(3) The Council shall, in dealing with a request for relief under this Article, have regard to the importance of the importing country's maintaining the principle that it should to the maximum extent feasible make purchases to meet its obligations under this Convention.

(4) If the Council finds that the representations of the importing country concerned are well founded, it shall decide to what extent and on what conditions that country shall be relieved of its obligations for the crop year concerned. The Council shall inform the importing country of its decision.

ARTICLE 13

Adjustments and additional purchases in case of critical need

(1) If a critical need has arisen or threatens to arise in its territory, an importing country may appeal to the Council for assistance in obtaining supplies of wheat. With a view to relieving the emergency created by the critical need, the Council shall give urgent consideration to the appeal and shall make appropriate recommendations to exporting and importing countries regarding the action to be taken by them.

(2) In deciding what recommendation should be made in respect of an appeal by an importing country under the preceding paragraph, the Council shall have regard to its actual commercial purchases from member countries or to the extent of its obligations under Article 4, as may appear appropriate in the circumstances.

(3) No action taken by an exporting or importing country pursuant to a recommendation made under paragraph (1) of this Article shall affect the datum quantity of any exporting or importing country in subsequent crop years.

ARTICLE 14

Other adjustments

- (1) An exporting country may transfer part of its balance of commitment to another exporting country, and an importing country may transfer part of its balance of entitlement to another importing country for a crop year, subject to approval by the Council.
- (2) Any importing country may at any time, by written notification to the Council, increase its percentage undertaking referred to in paragraph (2) of Article 4 and such increase shall become effective from the date of receipt of the notification.
- (3) Any importing country which considers that its interests in respect of its percentage undertaking under paragraph (2) of Article 4 are seriously prejudiced by the withdrawal from this Convention of any exporting country holding not less than 50 votes may, by written notification to the Council, apply for a reduction in its percentage undertaking. In such a case, the Council shall reduce that importing country's percentage undertaking by the proportion that its maximum annual commercial purchases during the years determined under Article 15 with respect to the withdrawing country bears to its datum quantity with respect to all countries listed in Annex A and shall then further reduce such revised percentage undertaking by subtracting two and one half.
- (4) The datum quantity of any country acceding under paragraph 2 of Article 38 shall be offset, if necessary, by appropriate adjustments by way of increase or decrease in the datum quantities of one or more exporting or importing countries, as the case may be. Such adjustments shall not be approved unless each exporting or importing country whose datum quantity is thereby changed has consented.
- (5) The Council may at the request of any country delete that country from either Annex to this Convention and transfer it to the other.

ARTICLE 15

Establishment of datum quantities

- (1) Datum quantities as defined in Article 2 shall be established for each crop year on the basis of average annual commercial purchases during the first four of the immediately preceding five crop years. In the case of steadily expanding markets where, taking the same period, the average annual commercial purchases are in excess of the average datum quantity figures calculated by the above method, the datum quantities shall be adjusted by the addition of the difference of the two averages. For the purpose of this paragraph a steadily expanding market is a market in which the commercial imports were higher than the datum quantity figures calculated under the first sentence of this paragraph in at least 3 out of the 4 years used in such calculation and the percentage undertaking of such a country is not less than eighty per cent.
- (2) Before the beginning of each crop year, the Council shall establish for that crop year the datum quantity of each exporting country with respect to all importing countries and the datum quantity of each importing country with respect to all exporting countries and to each such country, except that in calculating datum quantities exports by or imports from the European Economic Community shall be disregarded.

(3) The datum quantities established in accordance with the preceding paragraph shall be re-established whenever a change in the membership of this Convention occurs, regard being had where appropriate to any conditions of accession prescribed by the Council under Article 38.

ARTICLE 16

Recording and reporting

- (1) The Council shall keep separate records for each crop year
 - (a) for the purposes of the operation of this Convention and in particular of Articles 4 and 5, of all commercial purchases by member countries from other member and non-member countries and of all imports by member countries from other member and non-member countries on terms which render them special transactions, and
 - (b) of all commercial sales by member countries to non-member countries and of all exports by member countries to non-member countries on terms which render them special transactions.
- (2) The records referred to in the preceding paragraph shall be kept so that
 - (a) records of special transactions are separate from records of commercial transactions and
 - (b) at all times during a crop year a statement of the balance of commitment of each exporting country with respect to all importing countries and of the balance of entitlement of each importing country with respect to all exporting countries and to each such country is maintained. Statements of such balances shall, at intervals, prescribed by the Council, be circulated to all exporting and importing countries.
- (3) In order to facilitate the operation of the Prices Review Committee under Article 31 the Council shall keep records of international market prices for wheat and wheat flour and of transportation costs.
- (4) In the case of any wheat which reaches the country of final destination after re-sale in, passage through, or transshipment from the ports of, a country other than that in which the wheat originated, member countries shall to the maximum extent possible make available such information as will enable the purchase or transaction to be entered in the records referred to in paragraph (1 and (2) of this Article as a purchase or transaction between the country of origin and the country of final destination. In the case of a re-sale, the provision of this paragraph shall only apply if the wheat originated in the country of origin during the same crop year.
- (5) For the purposes of paragraph (2) of this Article and of paragraph (2) of Article 4, commercial purchases by a member country from another member country entered in the Council's records shall also be entered as against the obligations of each of the two member countries under Articles 4 and 5 respectively, or those obligations as adjusted under other Articles of this Convention, provided that the loading period falls within the crop year and, in relation to obligations under Article 5, that the purchases are by an importing country from an exporting country at prices not in excess of the maximum price. Commercial purchases of wheat flour entered in the Council's records shall also be entered as against the obligations of member countries under the same conditions.

(6) Where a customs union, or a special association status with a customs union, exists between any member country and one or more other countries which permits or obliges wheat to be purchased at prices above the maximum price, any such purchases shall not be regarded as a breach of Article 4 or 5, and shall be entered against the obligations, if any, of the member country or countries concerned. No maximum price declaration shall be made in respect of such purchases from an exporting country, nor shall they in any way affect the obligations of the exporting country concerned to other importing countries under Article 4.

(7) In the case of durum wheat and certified seed wheat, a purchase entered in the Council's records shall also be entered as against the obligations of member countries under the same conditions whether or not the price is above the maximum price.

(8) Provided that the conditions prescribed in paragraph (5) of this Article are satisfied, the Council may authorize purchases to be recorded for a crop year if

(a) the loading period involved is within a reasonable time up to one month, to be decided by the Council before the beginning or after the end of that crop year, and

(b) the two member countries concerned so agree.

(9) For the purpose of this Article

(a) member countries shall send to the Executive Secretary such information concerning the quantities of wheat involved in commercial sales and purchases and special transactions as within its competence the Council may require, including,

(i) in relation to special transactions, such detail of the transactions as will enable them to be classified in accordance with Article 3;

(ii) in respect of wheat, such information as may be available as to the type, class, grade and quality, and the quantities relating thereto;

(iii) in respect of flour, such information as may be available to identify the quality of the flour and the quantities relating to each separate quality;

(b) member countries when exporting on a regular basis, and such other member countries as the Council shall decide, shall send to the Executive Secretary such information relating to prices of commercial and, where available, special transactions in such descriptions, classes, types, grades and qualities of wheat and wheat flour as the Council may require.

(c) the Council shall obtain regular information on currently prevailing transportation costs and member countries shall to the extent practicable report such supplementary information as the Council may require.

(10) The Council shall make rules of procedure for the reports and records referred to in this Article. Those rules shall prescribe the frequency and the manner in which those reports shall be made and shall prescribe the duties of member countries with regard thereto. The Council shall also make provision for the amendment of any records or statements kept by it, including provision for the settlement of any dispute arising in connection therewith. If any member country repeatedly and unreasonably fails to make reports as required by this Article, the Executive Committee shall arrange consultations with that country to remedy the situation.

ARTICLE 17

Estimates of requirements and availability of wheat

- (1) By 1 October in the case of Northern Hemisphere countries and 1 February in the case of Southern Hemisphere countries, each importing country shall notify the Council of its estimate of its commercial requirements of wheat from exporting countries in that crop year. Any importing country may thereafter notify the Council of any changes it may desire to make in its estimate.
- (2) By 1 October in the case of Northern Hemisphere countries and 1 February in the case of Southern Hemisphere countries, each exporting country shall notify the Council of its estimate of the wheat it will have available for export in that crop year. Any exporting country may thereafter notify the Council of any changes it may desire to make in its estimate.
- (3) All estimates notified to the Council shall be used for the purpose of the administration of this Convention and may only be made available to exporting and importing countries on such conditions as the Council may prescribe. Estimates submitted in accordance with this Article shall in no way be binding.
- (4) Exporting and importing countries shall be free to fulfill their obligations under this Convention through private trade channels or otherwise. Nothing in this Convention shall be construed to exempt any private trader from any laws or regulations to which he is otherwise subject.
- (5) The Council may, at its discretion, require exporting and importing countries to co-operate together to ensure that an amount of wheat equal to not less than ten per cent of the datum quantities of exporting countries for any crop year shall be available for purchase by importing countries under this Convention after 31 January of that crop year.

ARTICLE 18

Consultations

- (1) In order to assist an exporting country in assessing the extent of its commitments if a maximum price declaration should be made and without prejudice to the rights enjoyed by any importing country, an exporting country may consult with an importing country regarding the extent to which the rights of that importing country under Articles 4 and 5 will be taken up in any crop year.
- (2) Any exporting or importing country experiencing difficulty in making sales or purchases of wheat under Article 4 may refer the matter to the Council. In such a case the Council, with a view to the satisfactory settlement of the matter, shall consult with any exporting or importing country concerned and may make such recommendations as it considers appropriate.
- (3) If an importing country should find difficulty in obtaining its balance of entitlement in a crop year at prices not greater than the maximum price while a maximum price declaration is in effect, it may refer the matter to the Council. In such a case the Council shall investigate the situation and shall consult with exporting countries regarding the manner in which their obligations shall be carried out.

ARTICLE 19

Performance under Articles 4 and 5

- (1) The Council shall as soon as practicable after the end of each crop year review the performance of exporting and importing countries in relation to their obligations under Articles 4 and 5 during that crop year.
- (2) For the purpose of this review each member country may be permitted in the fulfilment of its obligations a degree of tolerance to be prescribed by the Council for that country on the basis of the extent of those obligations and other relevant factors.
- (3) In considering the performance of any importing country in relation to its obligations in the crop year:
 - (a) the Council shall disregard any exceptional importation of wheat from non-member countries provided that it can be shown to the satisfaction of the Council that such wheat has been or will be used only as feed and that such importation was not at the expense of quantities normally purchased by that importing country from member countries;
 - (b) the Council shall disregard any importation of denatured wheat from non-member countries.

ARTICLE 20

Defaults under Article 4 or 5

- (1) If, on the basis of the review made under Article 19, any country appears to be in default of its obligations under Article 4 or 5, the Council shall decide what action should be taken.
- (2) Before reaching a decision under this Article, the Council shall give any exporting or importing country concerned the opportunity to present any facts which it considers relevant.
- (3) If the Council finds that an exporting country or an importing country is in default under Article 4 or 5, it may deprive the country concerned of its voting rights for such period as the Council may determine, reduce the other rights of that country to the extent which it considers commensurate with the default, or expel that country from participation in this Convention.
- (4) No action taken by the Council under this Article shall in any way reduce the obligation of the country concerned in respect of its financial contributions to the Council unless that country is expelled from participation in this Convention.

ARTICLE 21

Action in cases of serious prejudice

- (1) Any exporting or importing country which considers that its interests as a party to this Convention have been seriously prejudiced by actions of any one or more exporting or importing countries affecting the operation of this Convention may bring the matter before the Council. In

such a case, the Council shall immediately consult with the countries concerned in order to resolve the matter.

(2) If the matter is not resolved through such consultations, the Council may refer the matter to the Executive Committee or the Prices Review Committee for urgent investigation and report. On receipt of any such report, the Council shall consider the matter further and may make recommendations to the countries concerned.

(3) If, after action has or has not been taken, as the case may be, under paragraph (2) of this Article, the country concerned is not satisfied that the matter has been satisfactorily dealt with, it may apply to the Council for relief. The Council may, if it deems appropriate, relieve that country of part of its obligations for the crop year in question. Two-thirds of the votes cast by the exporting countries and two-thirds of the votes cast by the importing countries shall be required for a decision granting relief.

(4) If no relief is granted by the Council under paragraph (3) of this Article and the country concerned still considers that its interests as a party to this Convention have suffered serious prejudice, it may withdraw from this Convention at the end of the crop year by giving written notice to the Government of the United States of America. If the matter was brought before the Council in one crop year and the Council's consideration of the application for relief was concluded in the subsequent crop year the withdrawal of the country concerned may be effected within thirty days of such conclusion by giving similar notice.

ARTICLE 22

Disputes and complaints

(1) Any dispute concerning the interpretation or application of this Convention other than a dispute under Articles 19 and 20 which is not settled by negotiation shall, at the request of any country party to the dispute, be referred to the Council for decision.

(2) In any case where a dispute has been referred to the Council under paragraph (1) of this Article, a majority of countries, or any countries holding not less than one-third of the total votes, may require the Council, after full discussion, to seek the opinion of the advisory panel referred to in paragraph (3) on the issues in dispute before giving its decision.

(3) (a) Unless the Council unanimously agrees otherwise, the panel shall consist of:

- (i) two persons, one having wide experience in matters of the kind in dispute and the other having legal standing and experience, nominated by the exporting countries;
- (ii) two such persons nominated by the importing countries; and
- (iii) a chairman selected unanimously by the four persons nominated under (i) and (ii) or, if they fail to agree, by the Chairman of the Council.

(b) Persons from countries whose Governments are parties to this Convention shall be eligible to serve on the advisory panel. Persons appointed to the advisory panel shall act in their personal capacities and without instructions from any Government.

(c) The expenses of the advisory panel shall be paid by the Council.

(4) The opinion of the advisory panel and the reasons therefore shall be submitted to the Council which, after considering all the relevant information, shall decide the dispute.

(5) Any complaint that any exporting or importing country has failed to fulfill its obligations under this Convention shall, at the request of the country making the complaint, be referred to the Council, which shall make a decision on the matter.

(6) Any finding that an exporting or importing country is in breach of this Convention shall specify the nature of the breach and if the breach involves default by that country in its obligations under Article 4 or 5, the extent of such default.

(7) Subject to the provisions of Article 20, if the Council finds that an exporting country or an importing country has committed a breach of this Convention it may deprive the country concerned of its voting rights until it fulfills its obligations or expel that country from participation in this Convention.

ARTICLE 23

Annual review of the world grains situation

- (1) (a) In the furtherance of the objectives of this Convention as set forth in Article 1, the Council shall annually review the world grains situation and shall inform member countries of the effects upon the international trade in grains of the facts which emerge from the review, in order that these effects be kept in mind by these countries in determining and administering their internal agricultural and price policies.

(b) The review shall be carried out in the light of information obtainable in relation to national production, stocks, consumption, prices and trade, including both commercial and special transactions, of grains.

(c) Each member country may submit to the Council information which is relevant to the annual review of the world grains situation and is not already available to the Council either directly or through the Food and Agriculture Organization of the United Nations.
- (2) In carrying out the annual review, the Council shall consider the means through which the consumption of grains may be increased, and may undertake, in co-operation with member countries, studies of such matters as:
 - (a) factors affecting the consumption of grains in various countries; and
 - (b) means of achieving increased consumption, particularly in countries where the possibility of increased consumption is found to exist.
- (3) For the purposes of this Article, the Council shall pay due regard to work done by the Food and Agriculture Organization of the United Nations and other intergovernmental organizations, in order in particular to avoid duplication of work, and may, without prejudice to the generality of paragraph (1) of Article 35, make such arrangements regarding co-operation in any of its activities as it considers desirable with such intergovernmental organizations and also with any Governments of Members of the United Nations or the specialized agencies not parties to this Convention which have a substantial interest in the international trade in grains.

(4) Nothing in this Article shall prejudice the complete liberty of action of any member country in the determination and administration of its internal agricultural and price policies.

ARTICLE 24

Guidelines relating to concessional transactions

- (1) Member countries undertake to conduct any concessional transactions in grains in such a way as to avoid harmful interference with normal patterns of production and international commercial trade.
- (2) To this end member countries shall undertake appropriate measures to ensure that concessional transactions are additional to commercial sales which could reasonably be anticipated in the absence of such transactions. Such measures shall be consistent with the Principles of Surplus Disposal and Guiding Lines recommended by the Food and Agriculture Organization of the United Nations and may provide that a specified level of commercial imports of wheat, agreed with the recipient country, be maintained on a global basis by that country. In establishing or adjusting this level full regard shall be had to the commercial import levels in a representative period and to the economic circumstances of the recipient country, including in particular, its balance of payments situation.
- (3) Member countries when engaging in concessional export transactions shall consult with exporting member countries whose commercial sales might be affected by such transactions, to the maximum possible extent before such arrangements are concluded with recipient countries.
- (4) The Executive Committee shall furnish an annual report to the Council on developments in concessional transactions in wheat.

PART III - ADMINISTRATION

ARTICLE 25

Constitution of the Council

- (1) The International Wheat Council, established by the International Wheat Agreement 1949, shall continue in being for the purpose of administering this Convention, with the membership, powers and functions provided in this Convention.
- (2) Each member country shall be a voting member of the Council and may be represented at its meeting by one delegate, alternates, and advisers.
- (3) Such intergovernmental organizations as the Council may decide to invite to any of its meetings may each have one nonvoting representative in attendance at those meetings.
- (4) The Council shall elect a Chairman and Vice-Chairman who shall hold office for one crop year. The Chairman shall have no vote and the Vice-Chairman shall have no vote while acting as Chairman.

ARTICLE 26

Powers and functions of the Council

- (1) The Council shall establish its rules of procedure.
- (2) The Council shall keep such records as are required by the terms of this Convention and may keep such other records as it considers desirable.
- (3) The Council shall publish an annual report and may also publish any other information (including, in particular, its annual review or any part or summary thereof) concerning matters within the scope of this Convention.
- (4) In addition to the powers and functions specified in this Convention the Council shall have such other powers and perform such other functions as are necessary to carry out the terms of this Convention.
- (5) The Council may, by two-thirds of the votes cast by the exporting countries and two-thirds of the votes cast by the importing countries, delegate the exercise of any of its powers or functions. The Council may at any time revoke such delegation by a majority of the votes cast. Subject to the provisions of Article 9, any decision made under any powers or functions delegated by the Council in accordance with this paragraph shall be subject to review by the Council at the request of any exporting or importing country made within a period which the Council shall prescribe. Any decision, in respect of which no request for review has been made within the prescribed period, shall be binding on all member countries.
- (6) In order to enable the Council to discharge its functions under this Convention, member countries undertake to make available and supply such statistics and information as are necessary for this purpose.

ARTICLE 27

Votes

- (1) The exporting countries shall together hold 1000 votes and the importing countries shall together hold 1000 votes.
- (2) At the beginning of the first session of the Council held under this Convention, the exporting countries which have by that date deposited instruments of ratification, acceptance, approval or accession or declarations of provisional application shall divide the votes of the exporting countries among them as they shall decide and the importing countries fulfilling the same condition shall similarly divide their votes.
- (3) Any exporting country may authorize any other exporting country, and any importing country may authorize any other importing country, to represent its interests and to exercise its votes at any meeting or meetings of the Council. Satisfactory evidence of such authorization shall be submitted to the Council.
- (4) If at any meeting of the Council an importing country or an exporting country is not represented by an accredited delegate and has not authorized another country to exercise its votes in accordance with paragraph (3) of this Article, and if at the date of any meeting any country has forfeited, has been deprived of, or has recovered its votes under any provisions of this Convention,

the total votes to be exercised by the exporting countries shall be adjusted to a figure equal to the total of votes to be exercised at that meeting by the importing countries and redistributed among exporting countries in proportion to their votes.

(5) Whenever any country becomes or ceases to be a party to this Convention subsequent to the date of the Council session referred to in paragraph (2) of this Article, the Council shall redistribute the votes of the other exporting or importing countries, as the case may be, proportionally to the number of votes held by each such country or, with respect to exporting countries, as otherwise agreed.

(6) No member country shall have less than one vote and there shall be no fractional votes.

ARTICLE 28

Seat, sessions and quorum

(1) The seat of the Council shall be London unless the Council decides otherwise.

(2) The Council shall meet at least once during each half of each crop year and at such other times as the Chairman may decide, or as otherwise required by this Convention.

(3) The Chairman shall convene a Session of the Council if so requested by (a) five countries or (b) one or more countries holding a total of not less than ten per cent of the total votes or (c) the Executive Committee.

(4) The presence of delegates with a majority of the votes held by the exporting countries and a majority of the votes held by the importing countries prior to any adjustment of votes under Article 27 shall be necessary to constitute a quorum at any meeting of the Council.

ARTICLE 29

Decisions

(1) Except where otherwise specified in this Convention, decisions of the Council shall be by a majority of the votes cast by the exporting countries and a majority of the votes cast by the importing countries, counted separately.

(2) Each member country undertakes to accept as binding all decisions of the Council under provisions of this Convention.

ARTICLE 30

Executive Committee

(1) The Council shall establish an Executive Committee. The members of the Executive Committee shall be not more than four exporting countries elected annually by the exporting countries and not more than eight importing countries elected annually by the importing countries. The Council shall appoint the Chairman of the Executive Committee and may appoint a Vice-Chairman.

(2) The Executive Committee shall be responsible to and work under the general direction of the Council. It shall have such powers and functions as are expressly assigned to it under this Convention and such other powers and functions as the Council may delegate to it under paragraph (5) of Article 26.

(3) The exporting countries on the Executive Committee shall have the same total number of votes as the importing countries. The votes of the exporting countries on the Executive Committee shall be divided among them as they shall decide, provided that no such exporting country shall have more than forty per cent of the total votes of those exporting countries. The votes of the importing countries on the Executive Committee shall be divided among them as they shall decide, provided that no such importing country shall have more than forty per cent of the total votes of those importing countries.

(4) The Council shall prescribe rules of procedure regarding voting in the Executive Committee and may make such other provision regarding rules of procedure in the Executive Committee as it thinks fit. A decision of the Executive Committee shall require the same majority of votes as this Convention prescribes for the Council when making a decision on a similar matter.

(5) Any exporting or importing country which is not a member of the Executive Committee may participate, without voting, in the discussion of any question before the Executive Committee whenever the latter considers that the interests of that country are affected.

ARTICLE 31

Prices Review Committee

(1) The Council shall establish a Prices Review Committee consisting of a maximum of 13 members. The members of the Committee shall include the European Economic Community and at least five other importing countries and five other exporting countries chosen annually by the importing and exporting countries respectively. Any additional importing and exporting countries shall be similarly chosen. The Council shall appoint the Chairman of the Committee and may appoint a Vice-Chairman.

(2) Any member country which is not a member of the Committee may participate in the discussion of any question before the Committee whenever the latter considers that the interests of that country are directly affected.

(3) The Prices Review Committee shall have such powers and functions as are expressly assigned to it under this Convention and such other powers and functions as the Council may delegate to it under paragraph (5) of Article 26.

(4) The Committee shall reach its conclusions by agreement. Agreement on a matter under discussion by the Committee shall be understood to have been reached if the conclusion is not disputed by any member of the Committee having a direct interest in the matter. A conclusion shall be regarded as disputed if the country challenging the conclusion declares its intention to refer the matter to the Council.

(5) The Committee's conclusions shall be communicated to all member countries.

(6) If the Committee fails to reach agreement, a meeting of the Council shall be convened. All decisions of the Council on issues arising out of the Prices Review Committee shall be by a

two-thirds majority of the votes cast by the exporting countries and a two-thirds majority of the votes cast by the importing countries, counted separately.

(7) The Prices Review Committee shall establish a Sub-Committee on Prices, which shall consist of representatives of not more than four exporting countries and not more than four importing countries. Member countries shall have particular regard to the technical qualifications of representatives nominated by them. The Chairman of the Sub-Committee shall be appointed by the Council.

(8) The Sub-Committee on Prices shall assist the Secretariat in keeping market prices for wheat under continuous review and in computing minimum and maximum prices as provided for under this Convention. The Sub-Committee shall give technical advice to the Prices Review Committee and the Council in accordance with the relevant Articles of this Convention, and on such other matters as that Committee or the Council may refer to it. The Sub-Committee shall in particular immediately inform the Executive Secretary whenever in its opinion an exporting country is making any wheat available for purchase by importing countries at a price near the maximum price. The Sub-Committee shall, in the exercise of its functions under this paragraph, take into account any representations made by any member country.

ARTICLE 32

The Secretariat

(1) The Council shall have a Secretariat consisting of an Executive Secretary, who shall be its chief administrative officer, and such staff as may be required for the work of the Council and its Committees.

(2) The Council shall appoint the Executive Secretary who shall be responsible for the performance of the duties devolving upon the Secretariat in the administration of this Convention and for the performance of such other duties as are assigned to him by the Council and its Committees.

(3) The staff shall be appointed by the Executive Secretary in accordance with regulations established by the Council.

(4) It shall be a condition of employment of the Executive Secretary and of the staff that they do not hold or shall cease to hold financial interest in the trade in wheat and that they shall not seek or receive instructions regarding their duties under this Convention from any Government or from any other authority external to the Council.

ARTICLE 33

Privileges and Immunities

(1) The Council shall have in the territory of each member country, to the extent consistent with its laws, such legal capacity as may be necessary for the exercise of its functions under this Convention.

(2) The Government of the territory in which the seat of the Council is situated (hereinafter referred to as "the host Government") shall conclude with the Council an international agreement relating to the status, privileges and immunities of the Council, its Executive Secretary and its staff and of representatives of member countries at meetings convened by the Council.

(3) The agreement envisaged in paragraph (2) of this Article shall be independent of the present Convention. It shall however terminate:

- (a) by agreement between the host Government and the Council, or
- (b) in the event of the seat of the Council being moved from the territory of the host Government, or
- (c) in the event of the Council ceasing to exist.

(4) Pending the entry into force of the agreement envisaged in paragraph (2) of this Article, the host Government shall grant exemption from taxation on the assets, income and other property of the Council and on remuneration paid by the Council to its employees other than nationals of the member country in whose territory the seat of the Council is situated.

ARTICLE 34

Finance

(1) The expenses of delegations to the Council and of representatives on its Committees and Sub-Committees shall be met by their respective Governments. The other expenses necessary for the administration of this Convention shall be met by annual contributions from the exporting and importing countries. The contribution of each such country for each crop year shall be in the proportion which the number of its votes bears to the total of the votes of the exporting and importing countries at the beginning of that crop year.

(2) At its first Session after this Convention comes into force, the Council shall approve its budget for the period ending 30 June 1969 and assess the contribution to be paid by each exporting and importing country.

(3) The Council shall, at a Session during the second half of each crop year, approve its budget for the following crop year and assess the contribution to be paid by each exporting and importing country for that crop year.

(4) The initial contribution of any exporting or importing country acceding to this Convention under paragraph (2) of Article 38 shall be assessed by the Council on the basis of the votes to be distributed to it and the period remaining in the current crop year, but the assessments made upon other exporting and importing countries for the current crop year shall not be altered.

(5) Contributions shall be payable immediately upon assessment. Any exporting or importing country failing to pay its contribution within one year of its assessment shall forfeit its voting rights until its contribution is paid, but shall not be relieved of its obligations under this Convention, nor shall it be deprived of any of its rights under this Convention unless the Council so decides.

(6) The Council shall, each crop year, publish an audited statement of its receipts and expenditures in the previous crop year.

(7) The Council shall, prior to its dissolution, provide for the settlement of its liabilities and the disposal of its records and assets.

ARTICLE 35

Co-operation with other intergovernmental organizations

- (1) The Council may make whatever arrangements are desirable for consultation and co-operation with the appropriate organs of the United Nations and its specialized agencies and with other intergovernmental organizations.
- (2) If the Council finds that any terms of this Convention are materially inconsistent with such requirements as may be laid down by the United Nations or through its appropriate organs and specialized agencies regarding intergovernmental commodity agreements, the inconsistency shall be deemed to be a circumstance affecting adversely the operation of this Convention and the procedure prescribed in paragraphs (3), (4) and (5) of Article 41 shall be applied.

PART IV - FINAL PROVISIONS

ARTICLE 36

Signature

This Convention shall be open for signature in Washington from 15 October 1967 until and including 30 November 1967

- (a) by the Governments of Argentina, Australia, Canada, Denmark, Finland, Japan, Norway, Sweden, Switzerland, the United Kingdom, the United States and by the European Economic Community and its Member States provided they sign both this Convention and the Food Aid Convention, and
- (b) by other Governments listed in Annexes A and B if they so wish.

ARTICLE 37

Ratification, acceptance or approval

This Convention shall be subject to ratification, acceptance or approval by each signatory in accordance with its respective constitutional or institutional procedures, provided that any Government required to sign the Food Aid Convention as a condition to signature of this Convention also ratifies, accepts or approves the Food Aid Convention. Instruments of ratification, acceptance or approval shall be deposited with the Government of the United States of America not later than 17 June 1968 except that the Council may grant one or more extensions of time to any signatory that has not deposited its instrument of ratification, acceptance or approval by that date.

ARTICLE 38

Accession

(1) This Convention shall be open for accession

(a) by the European Economic Community and its Member States or by any other Government listed in Article 36(a) provided the Government also accedes to the Food Aid Convention, and

(b) by other Governments listed in Annexes A and B.

Instruments of accession under this paragraph shall be deposited not later than 17 June 1968 except that the Council may grant one or more extensions of time to any Government that has not deposited its instrument of accession by that date.

(2) The Council may by two-thirds of the votes cast by exporting countries and by two-thirds of the votes cast by importing countries approve accession to this Convention by the Government of any Member of the United Nations or its specialized agencies on such conditions as the Council considers appropriate.

(3) If any Government not listed in Annex A or B wishes to apply for accession to this Convention prior to its entry into force, and the Council chooses to receive and act on such application in accordance with the provisions of this Article, the approval and conditions established by the Council shall be as valid under this Convention as if that action had been taken by the Council under this Convention after its entry into force.

(4) Accession shall be effected by deposit of an instrument of accession with the Government of the United States of America.

(5) Where, for the purposes of the operation of this Convention, reference is made to countries listed in Annexes A or B, any country the Government of which has acceded to this Convention on conditions prescribed by the Council in accordance with this Article, shall be deemed to be listed in the appropriate Annex.

ARTICLE 39

Provisional Application

The European Economic Community and its Member States and any other Government listed in Article 36(a) may deposit with the Government of the United States of America a declaration of provisional application of this Convention provided it also deposits a declaration of provisional application of the Food Aid Convention. Any other Government eligible to sign this Convention or whose application for accession is approved by the Council may also deposit with the Government of the United States of America a declaration of provisional application. Any Government depositing such a declaration shall provisionally apply this Convention and be provisionally regarded as a party thereto provided that any Government listed in Article 36(a) shall only be regarded as a provisional party to this Convention as long as it provisionally applies the Food Aid Convention.

ARTICLE 40

Entry into force

(1) This Convention shall enter into force among those Governments that have deposited instruments of ratification, acceptance, approval or accession as follows:

- (a) on 18 June 1968 with respect to all provisions other than Articles 4 to 10 and
- (b) on 1 July 1968 with respect to Articles 4 to 10 provided that the European Economic Community and its Member States and all other Governments listed in Article 36(a) have deposited such instruments or a declaration of provisional application by 17 June 1968 and that the Food Aid Convention will enter into force on 1 July 1968.

(2) This Convention shall enter into force for any Government that deposits an instrument of ratification, acceptance, approval or accession after 17 June 1968 on the date of such deposit except that no part of it shall enter into force for such a Government until that part enters into force for other Governments under paragraph (1) or (3) of this Article.

(3) If this Convention does not enter into force in accordance with paragraph (1) of this Article the Governments which have deposited instruments of ratification, acceptance, approval or accession or declarations of provisional application may decide by mutual consent that it shall enter into force among those Governments that have deposited instruments of ratification, acceptance, approval or accession, provided the Food Aid Convention enters into force on the first date that all the provisions of this Convention are in force, or they may take whatever other action they consider the situation requires.

(4) The Council may before this Convention enters into force establish for any country, in agreement with that country, the percentage referred to in paragraph (2) of Article 4 in accordance with that paragraph, and shall at its first session after any part of this Convention comes into force so establish the percentage for any member country for which a percentage has not been established.

ARTICLE 41

Duration, amendment and withdrawal

(1) This Convention shall remain in force until and including 30 June 1971.

(2) The Council shall, at such time as it considers appropriate, communicate to the member countries its recommendations regarding renewal or replacement of this Convention. The Council may invite any Government of a Member of the United Nations or the specialized agencies not party to this Convention which has a substantial interest in the international trade in wheat to participate in any of its discussions under this paragraph.

(3) The Council may recommend an amendment of this Convention to the member countries.

(4) The Council may fix a time within which each member country shall notify the Government of the United States of America whether or not it accepts the amendment. The amendment shall become effective upon its acceptance by exporting countries which hold two-thirds of the votes of the exporting countries and by importing countries which hold two-thirds of the votes of the importing countries.

(5) Any member country which has not notified the Government of the United States of America of its acceptance of an amendment by the date on which such amendment becomes effective may, after giving such written notice of withdrawal to the Government of the United States of America as the Council may require in each case, withdraw from this Convention at the end of the current crop year, but shall not thereby be released from any obligations under this Convention which have not been discharged by the end of that crop year. Any such withdrawing country shall not be bound by the provisions of the amendment occasioning its withdrawal.

(6) Any member country which considers its interests to be seriously prejudiced by the non-participation in this Convention of any Government listed in Article 36(a) may withdraw from this Convention by giving written notice of withdrawal to the Government of the United States of America before 1 July 1968. If an extension of time has been granted by the Council under Article 37 or 38, notice of withdrawal in accordance with this paragraph may be given before the expiry of 14 days after the extension granted.

(7) Any member country which considers its national security to be endangered by the outbreak of hostilities may withdraw from this Convention by giving thirty days' written notice of withdrawal to the Government of the United States of America or may apply in the first instance to the Council for the suspension of any or all of its obligations under this Convention.

(8) Any exporting country which considers its interests to be seriously prejudiced by the withdrawal from this Convention of any importing country holding not less than 50 votes or any importing country which considers its interests to be seriously prejudiced by the withdrawal from this Convention of any exporting country holding not less than 50 votes may withdraw from this Convention by giving written notice of withdrawal to the Government of the United States of America before the expiry of 14 days from the withdrawal of the country which is considered to cause such serious prejudice.

ARTICLE 42

Territorial Application

(1) Any Government may, at the time of signature or ratification, acceptance, approval, provisional application of or accession to this Convention, declare that its rights and obligations under this Convention shall not apply in respect of all or any of the non-metropolitan territories for the international relations of which it is responsible.

(2) With the exception of territories in respect of which a declaration has been made in accordance with paragraph (1) of this Article, the rights and obligations of any Government under this Convention shall apply in respect of all non-metropolitan territories for the international relations of which that Government is responsible.

(3) Any Government may, at any time after its ratification, acceptance, approval, provisional application of or accession to this Convention, by notification to the Government of the United States of America, declare that its rights and obligations under this Convention shall apply in respect of all or any of the non-metropolitan territories regarding which it has made a declaration in accordance with paragraph (1) of this Article.

(4) Any Government may, by giving notification of withdrawal to the Government of the United States of America, withdraw from this Convention separately in respect of all or any of the non-metropolitan territories for whose international relations it is responsible.

(5) For the purpose of the establishment of datum quantities under Article 15 and the redistribution of votes under Article 27, any change in the application of this Convention in accordance with this Article shall be regarded as a change in participation in this Convention in such manner as may be appropriate to the circumstances.

ARTICLE 43

Notification by depositary authority

The Government of the United States of America as the depositary authority will notify all signatory and acceding Governments of each signature, ratification, acceptance, approval, provisional application of, and accession to, this Convention, as well as each notification and notice received under Article 41 and each declaration and notification received under Article 42.

ARTICLE 44

Relationship of Preamble to Convention

This Convention includes the Preamble to the International Grains Arrangement 1967.

IN WITNESS WHEREOF the undersigned, having been duly authorized to this effect by their respective Governments, have signed this Convention on the dates appearing opposite their signature.

The texts of this Convention in the English, French, Russian and Spanish languages shall all be equally authentic. The originals shall be deposited in the archives of the Government of the United States of America, which shall transmit certified copies thereof to each signatory and acceding Government.

ANNEX A

Argentina

Australia

Canada

European Economic Community

Greece

Mexico

Spain

Sweden

Union of Soviet Socialist Republics

United States of America

ANNEX B

Afghanistan	Korea, Republic of
Algeria	Lebanon
Austria	Libya
Barbados	Malaysia
Bolivia	New Zealand
Brazil	Nigeria
Bulgaria	Norway
Ceylon	Pakistan
Chile	Panama
Colombia	Peru
Costa Rica	Philippines
Cuba	Poland
Czechoslovakia	Portugal
Denmark	Romania
Dominican Republic	San Marino, Republic of
Ecuador	Saudi Arabia
El Salvador	Sierra Leone
European Economic Community	South Africa
Finland	Southern Rhodesia
Ghana	Switzerland
Guatemala	Syrian Arab Republic
Haiti	Trinidad & Tobago
Iceland	Tunisia
India	Turkey
Indonesia	United Arab Republic
Iran	United Kingdom
Ireland	Uruguay
Israel	Vatican City
Japan	Venezuela
Kingdom of the Netherlands	Viet-nam, Republic of
(with respect to the interests of	Western Samoa
Netherlands Antilles and Surinam)	Yugoslavia

FOOD AID CONVENTION

ARTICLE I

Objective

The objective of this Convention is to carry out a food aid programme with the help of contributions for the benefit of developing countries.

ARTICLE II

International food aid

- (1) The countries party to this Convention agree to contribute wheat, coarse grains, or the cash equivalent thereof, as aid to the developing countries, to an amount of 4.5 million metric tons of grain annually. Grains covered by the programme shall be suitable for human consumption and of an acceptable type and quality.
- (2) The minimum contribution of each country party to this Convention is fixed as follows:

	<u>%</u>	<u>1,000 metric tons</u>
United States	42.0	1,890
Canada	11.0	495
Australia	5.0	225
Argentina	0.5	23
European Economic Community	23.0	1,035
United Kingdom	5.0	225
Switzerland	0.7	32
Sweden	1.2	54
Denmark	0.6	27
Norway	0.3	14
Finland	0.3	14
Japan	5.0	225

Countries acceding to this Convention shall make contributions on such a basis as may be agreed.

- (3) The contribution of a country making the whole or part of its contribution to the programme in the form of cash shall be calculated by evaluating the quantity determined for that country (or that portion of the quantity not contributed in grain) at US \$1.73 per bushel.
- (4) Food aid in the form of grain shall be supplied on the following terms:

- (a) sales for the currency of the importing country which is not transferable and is not convertible into currency or goods and services for use by the contributing country. ¹

¹ Under exceptional circumstances an exception of not more than 10 per cent could be granted.

(b) a gift of grain or a monetary grant used to purchase grain for the importing country.

Grain purchases shall be made from participating countries. In the use of grant funds, special regard shall be had to facilitating grain exports of developing member countries. To this end priority shall be given so that not less than 25 per cent of the cash contribution to purchase grain for food aid or that part of such contribution required to purchase 200,000 metric tons of grain shall be used to purchase grains produced in developing countries. Contributions in the form of grains shall be placed in f.o.b. forward position by donor countries.

(5) Countries party to this Convention may, in respect of their contribution to the food aid programme, specify a recipient country or countries.

ARTICLE III

Food Aid Committee

(1) There shall be established a Food Aid Committee whose membership shall consist of countries listed in Article VI of this Convention and of other countries that accede to this Convention. The Committee shall appoint a Chairman and Vice-Chairman.

(2) The Committee may when appropriate invite representatives of the Secretariats of other international organizations whose membership is limited to Governments that are also Members of the United Nations or its specialized agencies to attend as observers.

(3) The Committee shall:

- (a) receive regular reports from contributing countries on the amount, content, channelling and terms of their food aid contributions under this Convention;
- (b) keep under review the purchase of grains financed by cash contributions with particular reference to the obligation in the second paragraph of Article II (4) concerning purchase of grain from developing participating countries.

(4) The Committee shall:

- (a) examine the way in which the obligations undertaken under the food programme have been fulfilled;
- (b) exchange information on a regular basis on the functioning of the food arrangements under this Convention, in particular, where information is available, on its effects on food production in recipient countries.

The Committee shall report as necessary.

(5) The Committee may at any time make arrangements for an exchange of views, particularly in order to deal with emergency conditions.

(6) For the purposes of paragraphs (4) and (5) of this Article the Committee may receive information from recipient countries and may consult with them.

ARTICLE IV

Administrative provisions

The Food Aid Committee as set up according to the provisions of Article III shall use the services of the Secretariat of the International Wheat Council for the performance of such administrative duties as the Committee may request including the processing and distribution of documentation and reports.

ARTICLE V

Defaults and disputes

In the case of a dispute concerning the interpretation or application of this Convention or of a default in obligations

- (a) examine the way in which the obligations undertaken under the food aid programme have been fulfilled;
- (b) exchange information on a regular basis on the functioning of the food aid arrangements under this Convention, in particular, where information is available, on its effects or food production in recipient countries.

The Committee shall report as necessary.

(5) The Committee may at any time make arrangements for an exchange of views, particularly in order to deal with emergency conditions.

(6) For the purposes of paragraphs (4) and (5) of this Article the Committee may receive information from recipient countries and may consult with them.

ARTICLE VI

Signature

This Convention shall be open for signature in Washington from 15 October 1967 until and including 30 November 1967 by the Governments of Argentina, Australia, Canada, Denmark, Finland, Japan, Norway, Sweden, Switzerland, the United Kingdom, the United States and by the European Economic Community and its Member States, provided they sign both this Convention and the Wheat Trade Convention.

ARTICLE VII

Ratification, acceptance or approval

This Convention shall be subject to ratification, acceptance or approval by each signatory in accordance with its respective constitutional or institutional procedures, provided that it also ratifies, accepts or approves the Wheat Trade Convention. Instruments of ratification, acceptance or approval shall be deposited with the Government of the United States of America not later than 1 July 1968 except that the Food Aid Committee may grant one or more extensions of time to any signatory that has not deposited its instrument of ratification, acceptance or approval by that date.

ARTICLE VIII

Accession

(1) This Convention shall be open for accession by the European Economic Community and its Member States or by any other Government listed in Article VI provided the Government also accedes to the Wheat Trade Convention. Instruments of accession under this paragraph shall be deposited not later than 1 July 1968 except that the Food Aid Committee may grant one or more extensions of time to any Government that has not deposited its instrument of accession by that date.

(2) The Food Aid Committee may approve accession to this Convention by the Government of any Member of the United Nations or its specialized agencies on such conditions as the Food Aid Committee considers appropriate.

(3) If any Government not referred to in Article VI wishes to apply for accession to this Convention prior to its entry into force, the signatories to this Convention may approve accession on such conditions as they consider appropriate. Any such approval and conditions shall be as valid under this Convention as if this action had been taken by the Food Aid Committee after the entry into force of this Convention.

(4) Accession shall be effected by deposit of an instrument of accession with the Government of the United States of America.

ARTICLE IX

Provisional application

The European Economic Community and its Member States and any other Government listed in Article VI may deposit with the Government of the United States of America a declaration of

provisional application of this Convention, provided it also deposits a declaration of provisional application of the Wheat Trade Convention. Any other Government whose application for accession is approved may also deposit with the Government of the United States of America a declaration of provisional application. Any Government depositing such a declaration shall provisionally apply this Convention and be provisionally regarded as a party thereto.

ARTICLE X

Entry into force

(1) This Convention shall enter into force on 1 July 1968 among those Governments that have deposited instruments of ratification, acceptance, approval or accession by that date provided that the European Economic Community and its Member States and all other Governments listed in Article VI have deposited such instruments or a declaration of provisional application by that date and that all the provisions of the Wheat Trade Convention are in force. This Convention shall enter into force for any other Government that deposits an instrument of ratification, acceptance, approval or accession after the Convention enters into force on the date of such deposit.

(2) If this Convention does not enter into force on 1 July 1968 the Governments which by that date have deposited instruments of ratification, acceptance, approval or accession or declarations of provisional application may decide by mutual consent that it shall enter into force among those Governments that have deposited instruments of ratification, acceptance, approval or accession, provided that all the provisions of the Wheat Trade Convention are in force, or they may take whatever other action they consider the situation requires.

ARTICLE XI

Duration

This Convention shall be effective for a three-year period.

ARTICLE XII

Notification by depositary authority

The Government of the United States of America as the depositary authority will notify all signatory and acceding Governments of each signature, ratification, acceptance, approval, provisional application of, and accession to, this Convention.

ARTICLE XIII

Relationship of Preamble to Convention

This Convention includes the Preamble to the International Grains Arrangement 1967.

IN WITNESS WHEREOF the undersigned, having been duly authorized to this effect by their respective Governments, have signed this Convention on the dates appearing opposite their signatures.

The texts of this Convention in the English, French, Russian and Spanish languages shall be equally authentic. The originals shall be deposited in the archives of the Government of the United States of America, which shall transmit certified copies thereof to each signatory and acceding Government.

INTERPRETATIONS TO INTERNATIONAL GRAINS ARRANGEMENT 1967

The following document sets out certain interpretations which were agreed during the International Wheat Conference 1967.

WHEAT TRADE CONVENTION

Article 10 - Status of the E.E.C.

Concerning paragraph (2) of Article 10, the representative of the European Economic Community explained that notwithstanding the fact that the Community assumed no quantitative commitment under the provisions of Article 5, it nevertheless undertook, to the extent supplies were available for export, to conduct its export operations with equivalent effect in the circumstances of a maximum price declaration concerning E.E.C. wheat and would have full regard to the structure of its trade with the countries which are members of the Convention.

FOOD AID CONVENTION

Article II - International food aid

The Conference declared that the member countries should take the greatest care in order to ensure that the fulfillment of the food aid obligations under the Food Aid Convention should not introduce interference with free and fair competition in shipping.

Paragraph (3)

Contributing countries, unless making available as food aid domestic grain suitable for human consumption and of an acceptable type and quality, shall evaluate their quantitative commitments under paragraph (2), or that part of their quantitative commitments not contributed in domestic grain, on the basis of US\$1.73 per bushel and shall make available grains or cash in relation to the value so determined.

Paragraph (4) - Second part

In the second and third sentences of the second part of this paragraph the words "developing member countries" and "developing countries" shall be taken to mean "developing participating countries".

Paragraph (5)

Countries party to the Food Aid Convention may, if they so wish, in respect of their commitments to the Food Aid Programme contribute through an international organization such as the World Food Programme, or bi-laterally.

UNITED STATES DEPARTMENT OF AGRICULTURE

WASHINGTON, D. C. 20250

POSTAGE AND FEES PAID
U. S. DEPARTMENT OF AGRICULTURE

Official Business

NOTICE

If you no longer need this publication,
check here ☐ return this sheet,
and your name will be dropped from
the mailing list.

If your address should be changed ☐
PRINT or TYPE the new address,
including ZIP CODE, and return the
whole sheet to:

Foreign Agricultural Service, Rm. 5918
U. S. Department of Agriculture
Washington, D. C. 20250

USDA, Library
Beltsville Branch
10-9-59 Plant Industry Sta.
FAC-L Beltsville, Md.